

(ii) 12 at-large members of the Board of Governors are nominated by a Board committee and elected by the Board of Governors; and

(iii) 8 members of the Board of Governors are appointed by the President of the United States.

(C) The new method of selection described in the Governance Report reflects the single category of members of the Board of Governors that will result from the implementation of this Act:

(i) All Board members (except for the chairman of the Board of Governors) would be nominated by a single committee of the Board of Governors taking into account the criteria outlined in the Governance Report to assure the expertise, skills, and experience of a governing board.

(ii) The nominated members would be considered for approval by the full Board of Governors and then submitted to The American National Red Cross annual meeting of delegates for election, in keeping with the standard corporate practice whereby shareholders of a corporation elect members of a board of directors at its annual meeting.

(7) The United States Supreme Court held The American National Red Cross to be an instrumentality of the United States, and it is in the national interest that the Congressional Charter confirm that status and that any changes to the Congressional Charter do not affect the rights and obligations of The American National Red Cross to carry out its purposes.

(8) Given the role of The American National Red Cross in carrying out its services, programs, and activities, and meeting its various obligations, the effectiveness of The American National Red Cross will be promoted by the creation of an organizational ombudsman who—

(A) will be a neutral or impartial dispute resolution practitioner whose major function will be to provide confidential and informal assistance to the many internal and external stakeholders of The American National Red Cross;

(B) will report to the chief executive officer and the audit committee of the Board of Governors; and

(C) will have access to anyone and any documents in The American National Red Cross.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) charitable organizations are an indispensable part of American society, but these organizations can only fulfill their important roles by maintaining the trust of the American public;

(2) trust is fostered by effective governance and transparency, which are the principal goals of the recommendations of the Board of Governors in the Governance Report and this Act;

(3) Federal and State action play an important role in ensuring effective governance and transparency by setting standards, rooting out violations, and informing the public;

(4) while The American National Red Cross is and will remain a Federally chartered instrumentality of the United States, and it has the rights and obligations consistent with that status, The American National Red Cross nevertheless should maintain appropriate communications with State regulators of charitable organizations and should cooperate with them as appropriate in specific matters as they arise from time to time; and

(5) while The American National Red Cross is and will remain a Federally chartered instrumentality of the United States, and it has the rights and obligations consistent with that status, The American National Red Cross nevertheless should maintain appropriate communications and collabora-

tions with local, community, and faith-based non-profit organizations, including those organizations that work within minority communities.

SEC. 3. ORGANIZATION.

Section 300101 of title 36, United States Code, is amended—

(1) in subsection (a), by inserting “a Federally chartered instrumentality of the United States and” before “a body corporate and politic”; and

(2) in subsection (b), by inserting at the end the following new sentence: “The corporation may conduct its business and affairs, and otherwise hold itself out, as the ‘American Red Cross’ in any jurisdiction.”.

SEC. 4. PURPOSES.

Section 300102 of title 36, United States Code, is amended—

(1) by striking “and” at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting “; and”; and

(3) by adding at the end the following paragraph:

“(5) to conduct other activities consistent with the foregoing purposes.”.

SEC. 5. MEMBERSHIP AND CHAPTERS.

Section 300103 of title 36, United States Code, is amended—

(1) in subsection (a), by inserting “, or as otherwise provided,” before “in the bylaws”; (2) in subsection (b)(1)—

(A) by striking “board of governors” and inserting “corporation”; and

(B) by inserting “policies and” before “regulations related”; and

(3) in subsection (b)(2)—

(A) by inserting “policies and” before “regulations shall require”; and

(B) by striking “national convention” and inserting “annual meeting”.

SEC. 6. BOARD OF GOVERNORS.

Section 300104 of title 36, United States Code, is amended to read as follows:

“§ 300104. Board of governors

“(a) BOARD OF GOVERNORS.—

“(1) IN GENERAL.—The board of governors is the governing body of the corporation with all powers of governing and directing, and of overseeing the management of the business and affairs of, the corporation.

“(2) NUMBER.—The board of governors shall fix by resolution, from time to time, the number of members constituting the entire board of governors, provided that—

“(A) as of March 31, 2009, and thereafter, there shall be no fewer than 12 and no more than 25 members; and

“(B) as of March 31, 2012, and thereafter, there shall be no fewer than 12 and no more than 20 members constituting the entire board.

Procedures to implement the preceding sentence shall be provided in the bylaws.

“(3) APPOINTMENT.—The governors shall be appointed or elected in the following manner:

“(A) CHAIRMAN.—

“(i) IN GENERAL.—The board of governors, in accordance with procedures provided in the bylaws, shall recommend to the President an individual to serve as chairman of the board of governors. If such recommendation is approved by the President, the President shall appoint such individual to serve as chairman of the board of governors.

“(ii) VACANCIES.—Vacancies in the office of the chairman, including vacancies resulting from the resignation, death, or removal by the President of the chairman, shall be filled in the same manner described in clause (i).

“(iii) DUTIES.—The chairman shall be a member of the board of governors and, when present, shall preside at meetings of the board of governors and shall have such other

duties and responsibilities as may be provided in the bylaws or a resolution of the board of governors.

“(B) OTHER MEMBERS.—

“(i) IN GENERAL.—Members of the board of governors other than the chairman shall be elected at the annual meeting of the corporation in accordance with such procedures as may be provided in the bylaws.

“(ii) VACANCIES.—Vacancies in any such elected board position and in any newly created board position may be filled by a vote of the remaining members of the board of governors in accordance with such procedures as may be provided in the bylaws.

“(b) TERMS OF OFFICE.—

“(1) IN GENERAL.—The term of office of each member of the board of governors shall be 3 years, except that—

“(A) the board of governors may provide under the bylaws that the terms of office of members of the board of governors elected to the board of governors before March 31, 2012, may be less than 3 years in order to implement the provisions of subparagraphs (A) and (B) of subsection (a)(2); and

“(B) any member of the board of governors elected by the board to fill a vacancy in a board position arising before the expiration of its term may, as determined by the board, serve for the remainder of that term or until the next annual meeting of the corporation.

“(2) STAGGERED TERMS.—The terms of office of members of the board of governors (other than the chairman) shall be staggered such that, by March 31, 2012, and thereafter, 1/3 of the entire board (or as near to 1/3 as practicable) shall be elected at each successive annual meeting of the corporation with the term of office of each member of the board of governors elected at an annual meeting expiring at the third annual meeting following the annual meeting at which such member was elected.

“(3) TERM LIMITS.—No person may serve as a member of the board of governors for more than such number of terms of office or years as may be provided in the bylaws.

“(c) COMMITTEES AND OFFICERS.—The board—

“(1) may appoint, from its own members, an executive committee to exercise such powers of the board when the board is not in session as may be provided in the bylaws;

“(2) may appoint such other committees or advisory councils with such powers as may be provided in the bylaws or a resolution of the board of governors;

“(3) shall appoint such officers of the corporation, including a chief executive officer, with such duties, responsibilities, and terms of office as may be provided in the bylaws or a resolution of the board of governors; and

“(4) may remove members of the board of governors (other than the chairman), officers, and employees under such procedures as may be provided in the bylaws or a resolution of the board of governors.

“(d) ADVISORY COUNCIL.—

“(1) ESTABLISHMENT.—There shall be an advisory council to the board of governors.

“(2) MEMBERSHIP; APPOINTMENT BY PRESIDENT.—

“(A) IN GENERAL.—The advisory council shall be composed of no fewer than 8 and no more than 10 members, each of whom shall be appointed by the President from principal officers of the executive departments and senior officers of the Armed Forces whose positions and interests qualify them to contribute to carrying out the programs and purposes of the corporation.

“(B) MEMBERS FROM THE ARMED FORCES.—At least 1, but not more than 3, of the members of the advisory council shall be selected from the Armed Forces.

“(3) DUTIES.—The advisory council shall advise, report directly to, and meet, at least